MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2022/2023

DMG5034 – MANAGEMENT ACCOUNTING

(All Sections/Groups)

2 OCTOBER 2023
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5** pages with **4** questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Kandaq Sdn. Bhd. uses a job-order costing system for its products. For the year 2023, manufacturing overhead costs are expected to be RM750,000 and expected machine usage is 30,000 hours.

The following transactions occurred during May 2023 when the company worked on one job only, which was job KT-04.

1.	Purchased raw materials on account, RM20,000.
2.	Raw materials amounted to RM15,000 were requisitioned in the production. Based on the material requisition slips, RM12,000 was classified as direct materials and the balance of RM5,000 as indirect materials.
3.	Incurred RM20,000 of factory labour costs. Of the amount, RM15,000 was related to wages payable and RM5,000 was related to payroll taxes payable.
4.	Based on the time ticket submitted by the employees, it indicated that RM14,000 was for direct labour and RM6,000 was for indirect labour.
5.	Factory utilities of RM1,500 are payable, prepaid factory insurance of RM700 for the current month has expired, and monthly depreciation on the factory machines is RM200.
6	Manufacturing overhead was applied to the job worked using a predetermined overhead rate based on machine hours. During May, a total of 400 machine hours were used for Job KT-04.
7.	Job KT-04 were completed and transferred to finished goods.
8.	Job KT-04 was sold on account for RM50,000.

Required

(a) Compute the predetermined overhead rate for the year. (2 marks)

(b) Prepare the journal entries to record the transactions occurred in May 2023 for Kandaq Sdn. Bhd. *Show your workings for overhead applied amount (item 6) and cost for the completed job (item 7).* (14 marks)

(c) How much gross profit the company earned from selling job KT-04? (2 marks)

(d) Provide **ONE (1)** important feature of job order cost system. (1 mark)

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Part B

Silverstone Industries uses activity-based costing to assign overhead to its products. The budgeted data for each activity cost pool is provided below for the year 2024.

Activity cost pools	Estimated overhead	Estimated use of cost drivers per activity
Purchasing	RM100,000	200 purchase orders
Inspection	RM180,000	800 inspection hours
Assembling	RM320,000	1,600 assembly hours

Required

Calculate the overhead rate for each activity. (6 marks)

(Total: 25 marks)

QUESTION 2

Part A

Dolphin Sdn. Bhd. manufactures and sell various types of helmets. The company incurred the following total costs for two levels of production.

Cost	5,000 units	15,000 units
1.	RM10,000	RM30,000
2.	40,000	40,000
3.	6,000	16,000
4.	2,000	6,000

Required

(a) Based on the cost behaviour analysis, classify each cost into variable, fixed or mixed. (2 marks)

(b) Give **TWO (2)** examples each for variable cost and fixed cost. (4 marks)

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Part B

Peema Shoes produces and sells sports shoes. During 2022, the company sold 4,000 pairs of sports shoes, each for RM420. It incurred a variable cost per pair of RM126 and the total fixed costs are RM882,000.

Required

(a) Compute the contribution margin per unit and ratio. (4 marks)

(b) Compute the break-even point in units and sales. (4 marks)

(c) Prepare a CVP Income Statement for the company. Showing the total amount only. *Show your workings.* (5 marks)

(d) Compute the margin of safety and margin of safety ratio. (4 marks)

(e) For the coming year, the company estimated that sales units will increase by 20 percent. Calculate how much will the net income increase without preparing the CVP Income Statement. (2 marks)

(Total: 25 marks)

QUESTION 3

Ukay Manufacturing has provided the following information to assist the preparation of budgets for year 2024.

Sales and production units
Budgeted sales and production units in each quarter for year 2024 are as below:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Budgeted sales units	4,000	5,000	6,000	8,000
Budgeted production units	5,200	5,800	7,600	8,100

Direct labour
Two hours of direct labour are required to produce each unit of finished goods. The anticipated hourly wage is RM12.

Manufacturing overhead
Variable overhead costs will be using the following rates per direct labour hour; indirect material RM1.20, indirect labour RM1.50, utilities RM0.60, and maintenance RM0.30.

Fixed overhead costs per quarter are supervisory salaries RM18,000, depreciation RM3,000 and maintenance RM2,700.

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Selling and administrative expense
Variable selling and administrative expense will be using the following rates per unit of sales; sales commission RM2 and delivery RM1.50.

Fixed selling and administrative expense per quarter are sales and admin salaries RM16,000, rental RM6,000, depreciation RM1,000 and insurance RM500.

Required

Prepare the following budgets for the first six-month period. Show both quarterly and total amount.

(a) Direct labour budget. (4 marks)
(b) Manufacturing overhead budget. (11 marks)
(c) Selling and administrative budget. (10 marks)

(Total: 25 marks)

QUESTION 4

Part A

Glory Industries makes and sells barbecue sauce. The standard cost for one bottle of barbecue sauce is as follow:

	Standard quantity	Standard price	Standard cost
Direct materials	2.5 kilograms	RM6 per kilogram	RM15
Direct labour	0.5 hour	RM14 per hour	7
Manufacturing overhead	0.5 hour	RM18 per hour	9
			RM31

Actual cost and production information for May are as follows:

(1) Material purchased amounted to RM448,400 for 76,000 kilograms.
(2) All the material purchased was used to produce 30,000 bottles of barbeque sauce.
(3) Direct labour usage of 15,500 hours at a total cost of RM220,100.
(4) Manufacturing overhead incurred were RM200,000 fixed and RM76,000 variable.

Required

(a) Compute the total, price and quantity variance for materials. (8 marks)

(b) Compute the total, price and quantity variance for labour. (8 marks)

(c) Compute the total overhead variance. (2 marks)

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Part B

Setiu Industries incurs the following costs to product 12,000 units of its subcomponent:

Direct materials	RM9,600
Direct labour	12,000
Variable overhead	16,800
Fixed overhead	18,000
Total	RM56,400

Lang Industries, an outside supplier has offered to sell Setiu Industries the subcomponent for RM4 per unit. If Setiu accepts this offer, RM5,000 of fixed overhead can be avoided.

Required

Prepare an incremental analysis to show increase (decrease) in net income if Setiu Industries decides to buy the subcomponents from Lang Industries. (7 marks)

(Total: 25 marks)

End of Paper